

ModernGraham Valuation

Company Name:

Cleveland-Cliffs Inc

Company Ticker CLF

Date of Analysis

7/29/2018



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$3,185,660,788	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.26	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-82.43%	Fail
5. Earnings Growth	PEmg < 20	-3.75	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-10.49	Fail
7. Moderate Price to Assets			

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.14	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$2.85
MG Growth Estimate	12.04%
MG Value	\$0.00
MG Value based on 3% Growth	-\$41.28
MG Value based on 0% Growth	-\$24.20
Market Implied Growth Rate	-6.12%

MG Opinion

Current Price	\$10.67
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

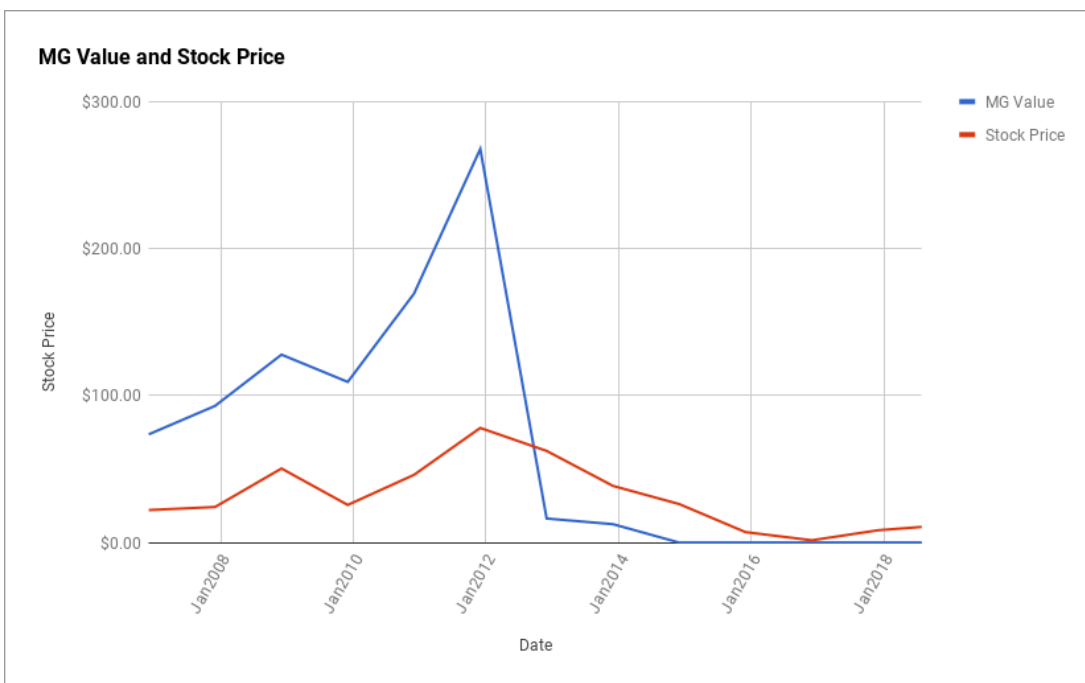
Net Current Asset Value (NCAV)	-\$6.01
Graham Number	\$0.00
PEmg	-3.75
Current Ratio	3.26
PB Ratio	-10.49
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$1.49	Dec2017	-\$2.85
Dec2016	\$1.26	Dec2016	-\$6.55
Dec2015	\$0.87	Dec2015	-\$10.69
Dec2014	-\$5.14	Dec2014	-\$13.99
Dec2013	-\$47.52	Dec2013	-\$14.44
Dec2012	\$2.37	Dec2012	\$2.51
Dec2011	-\$6.32	Dec2011	\$2.99
Dec2010	\$11.48	Dec2010	\$6.96
Dec2009	\$7.49	Dec2009	\$4.40
Dec2008	\$1.63	Dec2008	\$2.84
Dec2007	\$4.76	Dec2007	\$3.32
Dec2006	\$2.57	Dec2006	\$2.42
Dec2005	\$2.60	Dec2005	\$1.91
Dec2004	\$2.50	Dec2004	\$1.21
Dec2003	\$2.95	Dec2003	\$0.39
Dec2002	-\$0.40	Dec2002	-\$0.78
Dec2001	-\$2.33	Dec2001	-\$0.76
Dec2000	-\$0.29	Balance Sheet Information	
Dec1999	\$0.22	6/1/2018	
Dec1998	\$0.05	Total Current Assets	\$1,546,900,000
	\$0.63	Total Current Liabilities	\$474,900,000
		Long-Term Debt	\$2,297,000,000
		Total Assets	\$3,051,500,000
		Intangible Assets	\$49,300,000
		Total Liabilities	\$3,357,800,000
		Shares Outstanding (Diluted Average)	301,275,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [5 of the Worst Stocks to Invest In – January 2017](#)
- [Cliffs Natural Resources Inc Valuation – January 2017 \\$CLF](#)
- [Cliffs Natural Resources Inc. Analysis – August 2015 Update \\$CLF](#)
- [18 Companies to Research This Week – 8/30/2014](#)
- [Cliffs Natural Resources Inc. Annual Valuation – 2014 \\$CLF](#)

Other ModernGraham posts about related companies

- [Cloud Peak Energy Inc Valuation – July 2018 \\$CLD](#)
- [Wheaton Precious Metals Corp Valuation – July 2018 \\$TSE-WPM](#)
- [IAMGOLD Corp Valuation – July 2018 \\$TSE:IMG](#)
- [Centerra Gold Inc Valuation – July 2018 \\$TSE:CG](#)
- [Alliance Resource Partners LP Valuation – July 2018 \\$ARLP](#)
- [Century Aluminum Co Valuation – July 2018 \\$CENX](#)
- [Goldcorp Inc Valuation – July 2018 \\$GGG](#)
- [Freeport-McMoRan Inc Valuation – May 2018 \\$FCX](#)
- [Newmont Mining Corp Valuation – March 2018 \\$NEM](#)
- [Lucara Diamond Corp Valuation – March 2018 \\$TSE-LUC](#)